

State of Connecticut Basic Health Program Work Group

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Questions within our scope

What level of BHP benefit will federal funding support to assure cost neutrality for the State?

Will the federal funding support “Medicaid like” benefits package for BHP enrollees?

In constructing a state BHP, what are the design elements that can help hedge the State’s financial risk?

What effect will the expansion of enrollment in Medicaid and the BHP in 2014 have on commercial insurance payment rates?

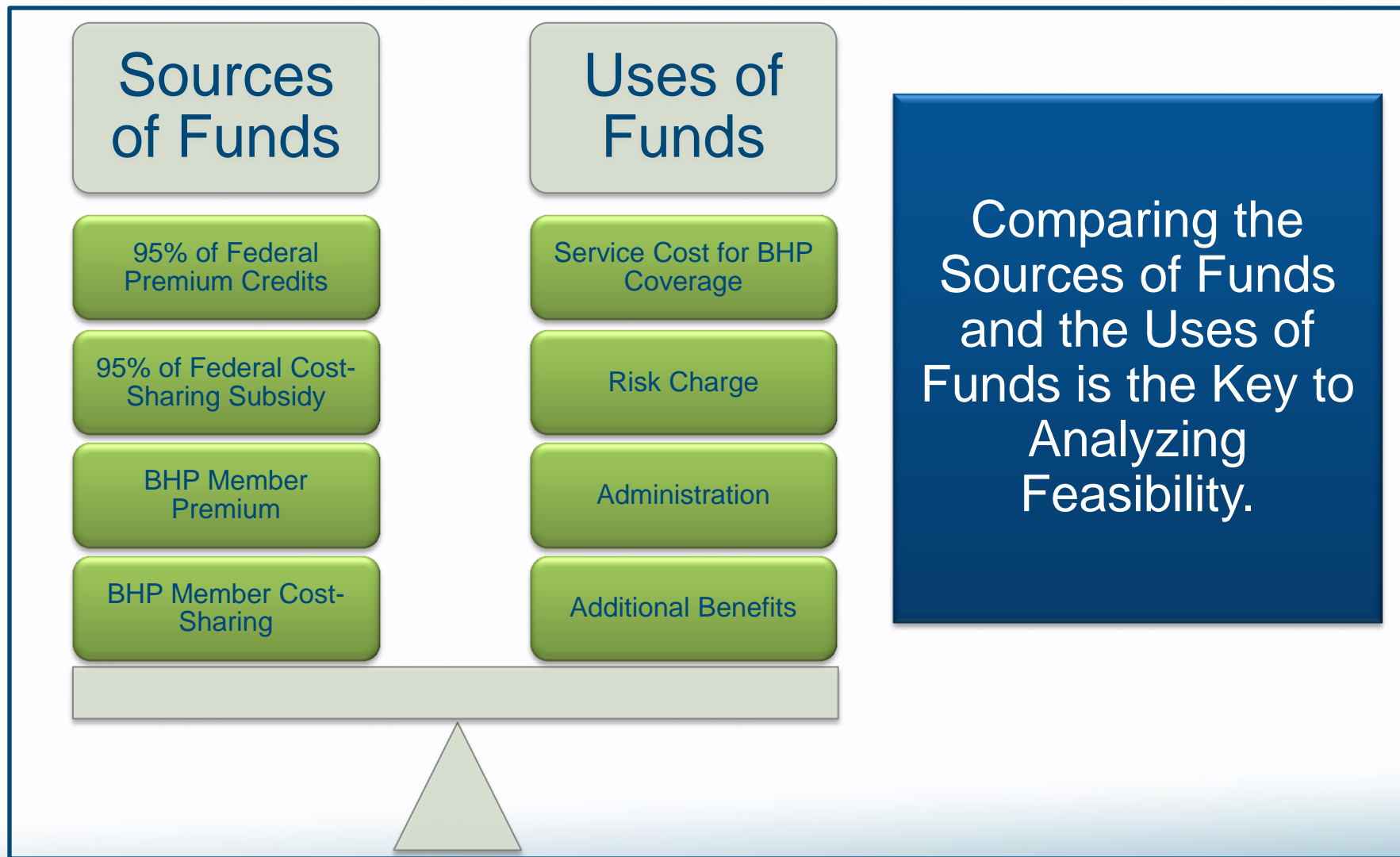
How many people may be eligible for a BHP in Connecticut?

What is the relative risk profile of potential BHP enrollees?

How many eligible individuals are expected to enroll in a BHP versus the Exchange?

How might the risk profile of BHP enrollees affect cost estimates?

BHP Financial Modeling: The Approach



Primary Modeling Assumptions

2nd Lowest Cost
Silver Premium
in Exchange

BHP Base Cost
(Medicaid
benefits and
reimbursement)

Reimbursement,
benefit, and
member cost
Scenarios

Eligible
Population and
take-up rates

Second Lowest Cost Silver Plan in Exchange

Entire federal subsidy is based on this value

It does not exist today – significant uncertainty

What happens if carriers “buy” business?

Range estimate will be based on following parameters:

- Current CT individual, SG, and LG premiums (trended)
- Changes in market rating requirements
- Illness burden expected
- CBO national estimates

BHP Base Cost

How much will benefits cost the state to provide?

Range estimate will be based on following parameters:

- Recent Medicaid TANF adult cost estimates
- Inherent Medicaid reimbursement
- Inherent Medicaid state plan benefits
- Risk profile adjustment - Medicaid to BHP (CPS survey)

Scenarios

Provider reimbursement in BHP

- Medicaid
- Medicare
- Commercial

Benefits

- Medicaid state plan
- EHB

Member premium and cost-sharing

- \$0 premium or cost-sharing
- Maximum premium and cost-sharing

Eligible Population and Take-up Rates

How many are eligible and how many will enroll?

Eligible population based on several sources:

- ACS and CPS survey data for CT – 2010
- Statutory annual statements for CT – 2010/11
- Kaiser Family Foundation

Take-up rates

- Differentiate by current source of coverage
- Significant uncertainty - assumptions will be explicit and include a range

Policy Issues Impacting the Modeling

Future of certain current state programs

- High risk pool?
- Medicaid Parents to 185% FPL

BHP delivery system

- FFS, ASO, Managed Care

HHS Rulemaking

- No guidance beyond Section 1331 of ACA

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QUALIFICATIONS

This document was created by Jeremy D. Palmer, FSA. Mr. Palmer is a Principal and Consulting Actuary in the Indianapolis office of Milliman and a Fellow of the Society of Actuaries and Member of the American Academy of Actuaries. Jeremy meets the qualification standards for performing the analyses contained in this document.